

GRIFFIN LLP

420 Lexington Avenue, Suite 400
New York, New York 10170
Telephone: (646) 998-5580
Facsimile: (646) 998-8284
Scott A. Griffin
Frank L. Eaton

and

WIGGIN AND DANA LLP

437 Madison Avenue, 35th Floor
New York, New York 10022
Telephone: (212) 490-1700
Facsimile: (212)-551-2888
Nathan Denning
Andrew C. Ritter (*pro hac vice pending*)
Kate E. Cassidy

*Proposed Co-Counsel for the Debtor
and Debtor in Possession*

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

-----X	:	
In re:	:	Chapter 11
	:	(Subchapter V)
JJ ARCH LLC,	:	
	:	Case No. 24-10381 (JPM)
	:	
Debtor. ¹	:	
-----X	:	

DEBTOR’S PRE-STATUS CONFERENCE REPORT

The above-caption debtor and debtor in possession (“Debtor”) hereby submits this Subchapter V Status Report (the “Report”) pursuant to section 1188(c) of title 11 of the United States Code (the “Bankruptcy Code”) and respectfully state as follows:

¹ The last four digits of the Debtor’s federal tax identification number are 4251.

BACKGROUND²

Commencement of the Chapter 11 Case

1. On March 7, 2024, (the “Petition Date”), the Debtor filed its voluntary petition for relief under subchapter V of chapter 11 of title 11 of the United States Code (the “Bankruptcy Code”) with this Court.

2. On March 8, 2024, the Office of the United States Trustee (the “U.S. Trustee”) appointed Eric Huebscher as the Subchapter V trustee for the Debtor [Dkt No. 2].

3. The Debtor continues to manage and operate its business as debtor in possession pursuant to section 1184 of the Bankruptcy Code.

Chapter 11 Case Administration/Status of Significant Case Litigation

4. The administration of the Debtor’s chapter 11 case (the “Chapter 11 Case”) is currently subject to significant ongoing litigation. A status report regarding such litigation is set forth below.

The Motion to Dismiss the Chapter 11 Case

5. On March 14, 2024, Jared Chassen (“Chassen”) filed a *Motion for an Order Dismissing the Debtor’s Bankruptcy Case* (the “Dismissal Motion”) [Dkt. No. 4]. On March 18, 2024, Arch Real Estate Holdings LLC (“AREH”) filed a Notice of Joinder to the Dismissal Motion [Dkt. No. 13].

6. On April 16, 2024, the Debtor filed the *Motion for an Order (I) Compelling Expedited Discovery in Connection with Motions to Dismiss and Remand Filings, (II) Adjourning*

² The factual background regarding the Debtor’s business, capital structure, and the events leading to this Chapter 11 Case is set forth in greater detail in the *First Day Affidavit of Jeffrey Simpson Pursuant to Rule 1007-2 of the Local Rules for the Southern District of New York, dated as of March 19, 2024* [Dkt. No. 16], which the Debtor relies upon and incorporates herein by reference.

Hearing on Remand Filings Until Dismissal Issues Have Been Resolved and (III) Setting a Briefing and Hearing Schedule to Resolve Dismissal Issues [Dkt. No. 85/Adv. Pro. 16]. (the “Discovery Motion”).

7. The Court will hold a status conference on the Motion to Dismiss and the Discovery Motion on May 2, 2024.

The Motion to Expand the Subchapter V Trustee’s Powers

8. On March 20, 2024, 40 Neutral LLC and Kay Properties LLC (collectively, the “Movants”) filed that certain *Motion to Expand Powers of the Subchapter V Trustee* (the “Expanded Powers Motion”) [Dkt. No. 23]. The Debtor, Movants and various other parties in interest are currently negotiating the terms of a stipulation (the “Stipulation”) to resolve the Expanded Powers Motion. The hearing on the Expanded Powers Motion has been adjourned subject to the parties finalizing the Stipulation.

The Contested Stay Relief Motions

9. On March 25, 2024, AREH and Chassen each filed a *Motion for Entry of an Order (I) Confirming that the Automatic Stay does not Apply to Certain Corporate Governance Disputes, and/or (II) Modifying the Automatic Stay as Necessary in Order to Address such Corporate Governance Disputes* (the “Stay Motions”) [Dkt. Nos. 38 and 40].

10. On April 1, 2024, the Debtor and Jeffrey Simpson (“Simpson”) filed omnibus objections to the Stay Motions (the “Stay Motion Objections”) [Dkt. Nos. 60 and 62]. On April 4, 2024, Chassen and AREH each filed an omnibus reply [Dkt. Nos. 69 and 70] to the Stay Motion Objections. The hearing on the Stay Motions is set for May 2, 2024 at 10:00 a.m. (prevailing Eastern Time).

The Removal/Remand Adversary Proceeding

11. On April 3, 2024, the Debtor filed a Notice of Removal [Adv. Pro. Doc 1] of litigation involving the Debtor in the Supreme Court of the State of New York, New York County, styled as *Jeffrey Simpson, individually and derivatively, as managing member of JJ Arch LLC, suing derivatively as managing member Arch Real Estate Holdings LLC, and JJ Arch LLC v. Chassen*, Index No. 158055/2203 (the “State Court Litigation”) before the Hon. Joel Cohen.

12. On April 10, 2024, in response to the Removal of the State Court Litigation, Chassen and AREH filed a *Joint Motion to Remand Based on Lack of Jurisdiction or, in the Alternative Principles of Abstention or Equity* [Adv. Pro. Doc. 2] (the “Motion to Remand). On the same date, 608941 NJ, Inc., through its parent entity 35 Oak Holdings Ltd., joined the Motion to Remand [Adv. Pro. Doc. 4]. The hearing on the Motion to Remand is set for May 2, 2024 at 10:00 a.m. (prevailing Eastern Time).

U.S. Trustee Matters/ Schedules & SOFAs/Claims

13. On March 24, 2024, the Debtor filed its Schedules of Assets and Liabilities [Dkt. No. 31] and Statements of Financial Affairs [Dkt. No. 32].

14. The Debtor’s meeting of creditors (the “341 Meeting”) under section 341 of the Bankruptcy Code originally scheduled for April 8, 2024, at 2:00 p.m. (prevailing Eastern Time, has been adjourned by the U.S. Trustee to a date to be determined. The Debtor will participate at the 341 Meeting on the date subsequently scheduled by the U.S. Trustee.

15. On or before April 26, 2024, the Debtor intends to file its motion to set a bar date for parties in interest in the Chapter 11 Case to file proofs of claim.

Retention of Professionals

16. On April 5, 2024, the Debtor filed, its *Application (the “Griffin Retention*

Application”) for Entry of an Order Pursuant to Sections 327(a) and 329 of the Bankruptcy Code, Bankruptcy Rules 2014 and 2016, and Local Bankruptcy Rules 2014-1 and 2016-1 Authorizing the Debtor to Employ and Retain Griffin LLP as General Bankruptcy Counsel, Nunc Pro Tunc to the Petition Date [Dkt. No. 73].

17. On April 16, 2024, the U.S. Trustee filed its objection to the Griffin Retention Application [Dkt. No. 88]. On April 19, 2024, AREH filed its objection to the Griffin Retention Application [Dkt. No. 91]. Although a hearing date has not been set for the Griffin Retention Application, the Debtor intends to request that the matter be heard on May 14, 2024 at 10:00 a.m. (prevailing Eastern Time).

18. On April 19, 2024, the Debtor filed its *Application* (the “*Wiggin Retention Application*”) for Entry of an Order Pursuant to Sections 327(a), 328, and 329 of the Bankruptcy Code, Bankruptcy Rules 2014 and 2016, and Local Bankruptcy Rules 2014-1 and 2016-1 Authorizing the Debtor to Employ and Retain Wiggin and Dana LLP, as Conflicts and Litigation Counsel, Nunc Pro Tunc to the Date of Engagement [Dkt. No. 92]. The hearing on the Wiggin Retention Application is scheduled for May 14, 2024 at 10:00 a.m. (prevailing Eastern Time).

DISCUSSION REGARDING THE DEBTOR’S CHAPTER 11 PLAN

19. The Debtor intends to commence preparation of its Chapter 11 plan of reorganization immediately following resolution of the Dismissal Motion. To the extent that the Dismissal Motion is not resolved within 14 days prior to the deadline for filing the plan under section 1189(b) of the Bankruptcy Code - currently set for June 5, 2024 (the “Plan Filing Deadline”), the Debtor will request an appropriate extension of the Plan Filing Deadline.

COMPLIANCE WITH DUTIES AS A DEBTOR-IN-POSSESSION

20. To the best of its knowledge and except as set forth herein, the Debtor has

performed its duties under Rule 2015(b) of the Federal Rules of Bankruptcy Procedure, and sections 521, 1184, and 1187 of the Bankruptcy Code.

21. The Debtor has performed, and continues to perform, its duties as debtor-in-possession under section 1184 of the Bankruptcy Code, including those set forth in section 1106(a). With respect to sections 1187 and 1116 of the Bankruptcy Code, the Debtor intends to file its first monthly operating report on or prior to April 26, 2024. As noted above, the Debtor will participate at the 341 Meeting at the date determined by the U.S. Trustee.

CONCLUSION

WHEREFORE, the Debtor submits that the foregoing satisfies its requirements under the Bankruptcy Code. The Debtor will supplement this report, as required, at the next status conference before the Court.

Dated: April 22, 2024
New York, New York

GRIFFIN LLP

By: /s/
Scott A. Griffin
Frank L. Eaton
420 Lexington Avenue, Suite 400
New York, New York 10170
Telephone: (646) 998-5580
Facsimile: (646) 998-8284

and

WIGGIN AND DANA LLP
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